

Company Registration No. 01576947 (England and Wales)

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

COMPANY INFORMATION

Directors

Richard Johnson
Richard Horton Winstanley
Glyn Arthur Cornish
Iain Gray
Michael Elston Bennett (Appointed 16 March 2020)
Janet Gough (Appointed 30 September 2020)
Roger Frank Bush (Appointed 14 September 2020)

Secretary Richard Johnson

Company number 01576947

Registered office Churchward House
Winchcombe Railway Station
Winchcombe
Gloucestershire
GL54 5LD

Auditor Ormerod Rutter Limited
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

Bankers National Westminster Bank Plc
31 Promenade
Cheltenham
Gloucestershire
GL50 1LE

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

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GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

2020 was the third year of operation of our railway since we opened to Broadway in Spring 2018. Following the success of the two previous years, we started the year with a feeling of great optimism for the season ahead.

How different it turned out to be. To start with, we suffered a major landslip at Gotherington and were faced with a potential £500,000 remedial cost at the beginning of the year. GWRT stepped into the breach with a grant and organised a public appeal for funds to enable us to pay for the slip to be properly and professionally repaired. Repairs were completed only just in time for the new season.

We started our services as normal in March and operated our Race Trains for the Cheltenham Festival, just as the dark clouds of coronavirus were beginning to gather. We then had to close after a full lockdown was ordered by government.

And so it stayed until mid-August when we were able to open for about six weeks running an extremely limited service, which allowed our volunteers staff and customers to remain safe. We had to stop that operation at the end of October, as another lockdown took effect. The situation eased in time for us to run a limited Santa season throughout most of December, where we played host to about half the number of visitors we normally have. At the end of December another lockdown took effect and our year came to an abrupt end.

You will be able to see from the figures elsewhere in this report, that we finished the year by carrying less than 25% of the passengers we had budgeted for. That in turn has decimated our income and meant that not only did departmental budgets have to be slashed, but we did not have the excess funds we had anticipated for other worthwhile and necessary projects.

When we opened to Broadway in 2018, we announced that we had decided that the subsequent five years would be a period of consolidation. We had embarked on various projects, and one in particular was partly finished when we went into lockdown. The new loco department welfare facility was under construction, and we had planned and budgeted that we would be able to pay for it from anticipated earnings. As it transpired it is now all but finished, thanks in great part to further very generous grants from GWRT our supporting charitable trust.

Despite all the setbacks we have encountered throughout 2020, we have done our utmost to ensure that the business remains viable. As you will appreciate, planning a timetable for 2021 has been almost impossible, but we will do our very best to ensure that we run as many trains as is feasible.

In both February and March this year, we received the sad news that firstly Peter Muir our volunteer Civil Engineer, and then Alan Miller our Projects Director had both died. Peter was a very highly experienced ex-Network Rail civil engineer, and his advice and support was of crucial importance to us on a number of occasions when problems arose. Alan was passionate about the railway and did a huge amount of work both in his directorship role, and as a volunteer with our Permanent way team. The passing of both leaves a gulf which will be difficult to fill.

I would like to record my thanks to my fellow directors for all their hard work and commitment, and to all our volunteers and staff whose hard work throughout the first year of this pandemic has enabled us to maintain the viability of our railway.

On behalf of the board

Richard Johnson

Director

19 April 2021

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present the strategic report for the year ended 31 January 2021.

Review of business

Highlights

During 2020, the Railway was severely impacted by the covid-19 pandemic.

- Passenger numbers were more than 75% below the previous year which resulted in a similar reduction of revenue.
- After a brief period of normal operation in early March, the Railway had to shut down when the Government introduced rules and legislation obliging citizens to stay at home.
- After the first lockdown was lifted, the Railway was able to restart limited passenger services utilising its Mark 1 corridor coaches to provide covid-secure compartments for visitors.
- The second lockdown at the end of October coincided fortuitously with the end of the normal operating season but it was possible to arrange a restricted and profitable Santa experience event during December.
- Throughout the year, volunteers have proved to be tremendously resilient. They have had to adapt not only to restrictions in their daily lives which limited in turn what they could do at the Railway, but also to be flexible and adopt different ways of working as volunteers to remain safe from the virus.

Our Strategy

The strategy of the company is to develop a volunteer-led heritage railway that operates along part of the former Great Western railway line that linked Cheltenham Spa and Stratford-upon-Avon. Having achieved the reopening of the section between Cheltenham Racecourse and Broadway, the Board's current strategy is to consolidate its operations and promote and develop its buildings and resources. At the same time, nothing will be done which in any way obstructs the possible eventual reopening of the whole of the original route from Stratford-upon-Avon to Cheltenham. The strategy also includes the acquisition and operation of Mark 1 railway coaches and other complementary activities.

Financial Overview

The number of passengers carried during the year was 29,000 (last year: 125,000). Total income amounted to £0.4 million (previous year: £2.3 million). Almost all income was derived from sales of railway tickets and associated catering, as events were cancelled.

The major element of direct costs are the costs to the railway of hiring-in the steam and diesel locomotives to, and subsequent operation by, the railway. Due to the lockdown, costs were contained at £0.1million (previous year £0.5million).

The total cost of repairing the landslip at Gotherington South was £0.5 million which was mainly funded by a grant from Gloucestershire Warwickshire Railway Trust following a highly successful fund-raising appeal.

Capital expenditure amounted to £0.3million which was mainly the further development of the locomotive welfare building and machine shop extension at Toddington.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

Principal Risks and Uncertainties

The operation of a heritage railway with infrastructure that was originally built 120 years ago is a challenging environment. The Office of Rail and Road (“ORR”) undertake reviews and inspections of heritage railways to ensure that adequate standards are developed and maintained to ensure safe operation. In the case of this railway of nearly 15 miles, there are 42 bridges, a 693-yard tunnel on the running line and a shorter unused tunnel, as well as an iconic 15 arch viaduct. The Board is confident that it is taking all practicable steps to ensure compliance with ORR requirements and ensure that it has access to appropriate professional advice to undertake maintenance and repairs to meet the standards.

The Board has focussed expenditure on safety and business-critical expenditure during the pandemic. With diminished income levels, this expenditure was financed partly from reserves and partly from successful applications for loan funding (Coronavirus Business Interruption Support Loan negotiated with the railway’s bankers) and grant funding (Culture Recovery Fund for Heritage managed by Heritage Lottery on behalf of the UK Department of Culture, Media and Sport). Provided there is a reasonable chance of restarting profitable operation later in the year, the Board is confident that it has taken adequate steps to mitigate the financial risk triggered by the pandemic. Meanwhile, the Board continues to explore options for further funding.

As a heritage railway operator which derives its income from discretionary spending by the general public, the Board can never be certain about the level of income that will be earned in future years. Therefore, the Board must manage overhead costs and expenses accordingly. Where a costly emergency repair is required typically to infrastructure, there is a risk that other regular maintenance programmes are curtailed in order to release financial resources. However, safety cannot be compromised. The Board maintains the necessary safety and financial oversight to manage this risk and ensure that the costs of operations can be met.

An important reason for visitors to come to a heritage railway is to travel on a train hauled by a steam engine. Steam engines use bituminous lump coal. There is currently no viable substitute. Almost all UK pits that can produce such coal have now been shut. The Government and the devolved administrations have not demonstrated any inclination to permit coal extraction for use by heritage railways and similar organisations let alone major industrial users. The Board understands that there are sufficient coal stocks for heritage railways and other similar users which will last into 2022. After that, coal suitable for steam engines will have to be sourced from outside the United Kingdom. Whilst there are promising signs, it is still too early to determine whether imported coal would be obtainable at a price and with adequate security of supply that would enable the railway to offer steam-hauled passenger trains at an economic cost. The Board continues to focus on containing this risk.

As a volunteer-led organisation, the railway is dependent upon the continued availability and appetite of volunteers of all ages and breadth of experience to support the operation of the railway. The Board monitors the availability of volunteers closely and endeavours to ensure volunteers are available to meet the demands of each department of the railway.

Future Progress

While this year’s outcome is uncertain and the Board may have to take difficult decisions to ensure the Railway’s survival in the short term, plans for future development are being reconsidered to take account of opportunities to redevelop the Toddington car park and visitor area. Furthermore, when funds permit, other plans include completion of the reconstruction of Broadway station, and redevelop Cheltenham Racecourse to provide a café and some retail space.

The Board is especially grateful for the continuation of financial and volunteer support from Gloucestershire Warwickshire Railway Trust during the year.

On behalf of the board

Richard Winstanley

Director

19 April 2021

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their annual report and financial statements for the year ended 31 January 2021.

Principal activities

The principal activity of the company in the year under review was that of the restoration and operation of a heritage railway trading as the 'Gloucestershire Warwickshire Railway'.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Richard Johnson	
Richard Horton Winstanley	
Glyn Arthur Cornish	
Alan Miller	(Deceased 15 March 2021)
Ian Stewart	(Resigned 18 June 2020)
Richard Charles Summers	(Resigned 1 July 2020)
Graham Radband	(Resigned 31 December 2020)
Iain Gray	
Michael Elston Bennett	(Appointed 16 March 2020)
Janet Gough	(Appointed 30 September 2020)
Roger Frank Bush	(Appointed 14 September 2020)

Results and dividends

The results for the year are set out on page 9.

In accordance with the Articles of Association no dividends will be distributed for the year ended 31 January 2021.

Directors' interests

All directors are shareholders of the company.

Future developments

The company plans to continue to operate for the foreseeable future.

Auditor

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Richard Johnson

Chairman

19 April 2021

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

Opinion

We have audited the financial statements of Gloucestershire Warwickshire Steam Railway Plc (the 'company') for the year ended 31 January 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Colm McGrory FCA (Senior Statutory Auditor)
For and on behalf of Ormerod Rutter Limited

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Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £000's	2020 £000's
Turnover		435	2,257
Cost of sales		(316)	(957)
		<hr/>	<hr/>
Gross profit		119	1,300
Administrative expenses		(1,196)	(1,311)
Other income		709	72
		<hr/>	<hr/>
Operating (loss)/profit	3	(368)	61
Interest receivable and similar income	6	-	1
Interest payable and similar expenses	7	(16)	(7)
		<hr/>	<hr/>
(Loss)/profit before taxation		(384)	55
Tax on (loss)/profit	8	-	-
		<hr/>	<hr/>
(Loss)/profit for the financial year		(384)	55
		<hr/>	<hr/>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

BALANCE SHEET

AS AT 31 JANUARY 2021

		2021		2020	
	Notes	£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets	9		7,451		7,288
Current assets					
Stocks	10	51		55	
Debtors	11	112		75	
Cash at bank and in hand		266		380	
		<u>429</u>		<u>510</u>	
Creditors: amounts falling due within one year	12	<u>(374)</u>		<u>(461)</u>	
Net current assets			<u>55</u>		<u>49</u>
Total assets less current liabilities			7,506		7,337
Creditors: amounts falling due after more than one year					
Loans and overdrafts	14	610		394	
Deferred income	15	<u>1,230</u>		<u>935</u>	
			<u>(1,840)</u>		<u>(1,329)</u>
Net assets			<u>5,666</u>		<u>6,008</u>
Capital and reserves					
Called up share capital	17		3,751		3,709
Revaluation reserve	18		467		467
Profit and loss reserves	18		<u>1,448</u>		<u>1,832</u>
Total equity			<u>5,666</u>		<u>6,008</u>

The financial statements were approved by the board of directors and authorised for issue on 19 April 2021 and are signed on its behalf by:

Richard Johnson
Director

Richard Horton Winstanley
Director

Company Registration No. 01576947

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2021

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£000's	£000's	£000's	£000's
Balance at 1 February 2019		3,677	467	1,777	5,921
Year ended 31 January 2020:					
Profit and total comprehensive income for the year		-	-	55	55
Issue of share capital	17	32	-	-	32
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 January 2020		3,709	467	1,832	6,008
Year ended 31 January 2021:					
Loss and total comprehensive income for the year		-	-	(384)	(384)
Issue of share capital	17	42	-	-	42
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 January 2021		<u>3,751</u>	<u>467</u>	<u>1,448</u>	<u>5,666</u>

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £000's	2020 £000's
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	23		219
Interest paid		(134)	(7)
		<u>(16)</u>	<u>(7)</u>
Net cash (outflow)/inflow from operating activities		(150)	212
Investing activities			
Purchase of tangible fixed assets		(274)	(973)
Proceeds on disposal of tangible fixed assets		18	-
Interest received		<u>-</u>	<u>1</u>
Net cash used in investing activities		(256)	(972)
Financing activities			
Proceeds from issue of shares		41	32
Repayment of bank loans		<u>250</u>	<u>432</u>
Net cash generated from financing activities		291	464
Net decrease in cash and cash equivalents		(115)	(296)
Cash and cash equivalents at beginning of year		<u>381</u>	<u>676</u>
Cash and cash equivalents at end of year		<u>266</u>	<u>380</u>

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Company information

Gloucestershire Warwickshire Steam Railway Plc is a public company limited by shares incorporated in England and Wales. The registered office is Churchward House, Winchcombe Railway Station, Winchcombe, Gloucestershire, United Kingdom, GL54 5LD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company produces annual budgets and forecasts which take into account expected changes in the trading performance, and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

1.3 Turnover

Turnover is recognised on the day which travel takes place, or when the goods and services are supplied. Turnover is stated net of value added tax and sales discounts.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Buildings	1% Straight Line
Vehicles, plant and equipment	10-25% Straight Line
Track	2% Straight Line
Rolling stock	4% Straight Line

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks represents shop stock held and is valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leasing and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.13 Grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

3 Operating (loss)/profit

	2021 £000's	2020 £000's
Operating (loss)/profit for the year is stated after charging/(crediting):		
Donations and grants received	(681)	(24)
Depreciation of owned tangible fixed assets	109	110
(Profit)/loss on disposal of tangible fixed assets	(16)	1
Operating lease payments - loco hire	60	288
	<u> </u>	<u> </u>

4 Auditor's remuneration

	2021 £000's	2020 £000's
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	6	6
	<u> </u>	<u> </u>
For other services		
All other non-audit services	1	1
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Operations management	3	3
Administration	4	4
	<u> </u>	<u> </u>
Total	7	7
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021 £000's	2020 £000's
Wages and salaries	158	152
Social security costs	11	10
Pension costs	4	3
	<u> </u>	<u> </u>
	173	165
	<u> </u>	<u> </u>

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

6 Interest receivable and similar income

	2021 £000's	2020 £000's
Interest income		
Interest on bank deposits	-	1

7 Interest payable and similar expenses

	2021 £000's	2020 £000's
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	16	7

8 Taxation

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £000's	2020 £000's
(Loss)/profit before taxation	(384)	55
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(73)	11
Tax effect of utilisation of tax losses not previously recognised	73	(16)
Other permanent differences	-	1
Capital allowances in excess of depreciation	-	4
Taxation charge/(credit) for the year	-	-
Taxation charge in the financial statements	-	-

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

9 Tangible fixed assets

	Buildings	Assets under construction and equipment	Vehicles, plant and equipment	Track	Rolling stock	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation						
At 1 February 2020	4,914	192	345	2,840	201	8,492
Additions	17	248	9	-	-	274
Disposals	-	-	-	-	(4)	(4)
At 31 January 2021	<u>4,931</u>	<u>440</u>	<u>354</u>	<u>2,840</u>	<u>197</u>	<u>8,763</u>
Depreciation and impairment						
At 1 February 2020	180	-	268	665	91	1,204
Depreciation charged in the year	29	-	15	57	8	109
Eliminated in respect of disposals	-	-	-	-	(2)	(2)
At 31 January 2021	<u>209</u>	<u>-</u>	<u>283</u>	<u>722</u>	<u>97</u>	<u>1,311</u>
Carrying amount						
At 31 January 2021	<u>4,722</u>	<u>440</u>	<u>71</u>	<u>2,118</u>	<u>100</u>	<u>7,451</u>
At 31 January 2020	<u>4,734</u>	<u>192</u>	<u>77</u>	<u>2,175</u>	<u>110</u>	<u>7,288</u>

Included in land and buildings is freehold land at valuation of £246,000 (2020: £246,000) which is not depreciated. The valuation was carried out on the basis of depreciated replacement cost by Messrs Bruton Knowles in January 1998.

10 Stocks

	2021 £000's	2020 £000's
Goods held for resale	<u>51</u>	<u>55</u>

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

11 Debtors

	2021 £000's	2020 £000's
Amounts falling due within one year:		
Trade debtors	18	1
Other debtors	57	21
Prepayments	37	53
	<u>112</u>	<u>75</u>

12 Creditors: amounts falling due within one year

	Notes	2021 £000's	2020 £000's
Bank loans and overdrafts	14	72	38
Trade creditors		46	69
Other taxation and social security		7	3
Experience days deferred income	15	91	106
Other creditors		2	63
Accruals and other deferred income		156	182
		<u>374</u>	<u>461</u>

13 Creditors: amounts falling due after more than one year

	Notes	2021 £000's	2020 £000's
Bank loans and overdrafts	14	610	394
Deferred income	15	1,230	935
		<u>1,840</u>	<u>1,329</u>

14 Loans and overdrafts

	2021 £000's	2020 £000's
Bank loans	682	432
	<u>682</u>	<u>432</u>
Payable within one year	72	38
Payable after one to five years	359	169
Payable after more than five years	251	225
	<u>682</u>	<u>432</u>

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

14 Loans and overdrafts

Contained within bank loans are:

- Mortgage loan account is secured by fixed charges over Churchward House, Winchcombe Railway Station, Winchcombe, Gloucestershire and its associated assets. It is repayable in instalments over ten years from August 2019 at an interest rate of 3.15% per annum over base rate.
- Coronavirus Business Interruption Loan is unsecured and is repayable in instalments over 6 years from May 2021 at an interest rate of 2.08% fixed for 5 years, converting to 1.75% per annum over base rate thereafter.

15 Deferred income

	2021 £000's	2020 £000's
Other deferred income	1,321	1,041
Deferred income is included in the financial statements as follows:		
Current liabilities	91	106
Non-current liabilities	1,230	935
	<u>1,321</u>	<u>1,041</u>

Deferred grant income represents grants received from Gloucestershire Warwickshire Railway Trust. Grants for revenue items with no unfulfilled conditions or other contingencies attached are recognised as income when received. Grants for capital items, whereby conditions are attached, are accounted for via the accrual model and amounts are released to the profit or loss account to coincide with the economic benefits gained from the respective assets.

16 Retirement benefit schemes

	2021 £000's	2020 £000's
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	4	3

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2021 £000's	2020 £000's
Ordinary share capital		
Issued and fully paid		
3,750,393 (2020: 3,709,542) Ordinary A Share of £1 each	3,751	3,709

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

17 Share capital

The Company has one class of share. Each share has equal voting rights at general meetings and the Company Articles of Association explicitly exclude any distributions either by way of dividend or winding up of the Company.

During the year the company issued 40,851 Ordinary A shares of £1 each.

18 Reserves

Profit and losses reserves represent the accumulated profits and losses from the current and prior periods.

Revaluation reserve represents surpluses and deficits arising from revaluation of freehold land and buildings.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under operating leases, which fall due as follows:

	2021 £000's	2020 £000's
Within one year	142	172

20 Capital commitments

Work has continued on the construction of the new Loco Welfare Building at the site in Toddington, Gloucestershire. To complete this project GWSR is committed to a further £110,642 of expenditure in relation to electrical fittings, furniture, heating and building costs.

21 Gloucestershire Warwickshire Railway Trust

Monies received from Gloucestershire Warwickshire Railway Trust ("GWRT") are secured via debenture over all fixed and floating assets of the company. The amount secured is depreciated on an annual basis according to a fixed formula. In the event of the company ceasing to trade, the amount then shown as secured by way of this debenture will be repayable to GWRT.

22 Contingent liabilities

It has become apparent that one road-over bridge has deteriorated to such an extent that major remedial work will be required. This bridge is situated on a significant road between Cheltenham and Broadway which has carried road traffic without weight restriction throughout its 120 year lifespan. The precise nature of the required remedial work is as yet unknown and the apportionment of the cost of remediation is not yet agreed.

GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

23 Cash (absorbed by)/generated from operations

	2021 £000's	2020 £000's
(Loss)/profit for the year after tax	(384)	55
Adjustments for:		
Finance costs	16	7
Investment income	-	(1)
(Gain)/loss on disposal of tangible fixed assets	(16)	1
Depreciation and impairment of tangible fixed assets	109	110
Movements in working capital:		
Decrease in stocks	4	-
(Increase)/decrease in debtors	(37)	20
Decrease in creditors	(106)	(47)
Increase in deferred income	280	74
Cash (absorbed by)/generated from operations	(134)	219

24 Analysis of changes in net debt

	1 February 2020 £000's	Cash flows £000's	31 January 2021 £000's
Cash at bank and in hand	380	(114)	266
Borrowings excluding overdrafts	(432)	(250)	(682)
	<u>(52)</u>	<u>(364)</u>	<u>(416)</u>